

we award securities to competitive bidders weighted by the par amount of securities allotted at each yield or discount rate.

*Yield* means the annualized rate of return to maturity on a fixed-principal security. Yield is expressed as a percentage. For an inflation-protected security, yield means the real yield. Yield is also referred to as “yield to maturity.” (See appendix B.)

*You* means a prospective bidder in an auction.

[69 FR 45202, July 28, 2004, as amended at 70 FR 57439, Sept. 30, 2005; 73 FR 14938, Mar. 20, 2008; 76 FR 18063, Apr. 1, 2011]

### **§ 356.3 What is the role of the Federal Reserve Banks in this process?**

The Treasury Department authorizes Federal Reserve Banks, as fiscal agents of the United States, to perform all activities necessary to carry out the provisions of this part, any auction announcements, and applicable regulations.

### **§ 356.4 What are the book-entry systems in which auctioned Treasury securities may be issued or maintained?**

There are three book-entry securities systems—the commercial book-entry system, TreasuryDirect®, and Legacy Treasury Direct®—into which we issue marketable Treasury securities. We maintain and transfer securities in these three book-entry systems (except that securities may not be transferred into the Legacy Treasury Direct system) at their par amount. Par amounts of Treasury inflation-protected securities do not include adjustments for inflation. Securities may be transferred from one system to the other (except that securities may not be transferred into the Legacy Treasury Direct system), unless the securities are not eligible to be held in the receiving system. Securities may be transferred from one system to the other, unless the securities are not eligible to be held in the receiving system. See Department of the Treasury Circular, Public Debt Series No. 2-86, as amended (part 357 of this chapter) and part 363 of this chapter.

(a) *The commercial book-entry system.* When depository institutions or dealers

submit bids for Treasury securities in an auction, securities awarded as a result of those bids are generally held in the commercial book-entry system. Specifically, we maintain book-entry accounts in the National Book-Entry System® (“NBES”) for Federal Reserve Banks, depository institutions, and other authorized entities, such as government and international agencies and foreign central banks. In their accounts, depository institutions maintain securities held for their own account and for the accounts of others. The accounts held for others include those of other depository institutions and dealers, which may, in turn, maintain accounts for others.

(b) *TreasuryDirect.* In this system, account holders maintain accounts in a book-entry, online system directly on the records of the Bureau of the Public Debt, Department of the Treasury. Bids for securities to be held in TreasuryDirect are submitted through the Internet.

(c) *Legacy Treasury Direct.* In this system, we maintain the book-entry securities of account holders directly on the records of the Bureau of the Public Debt, Department of the Treasury. Bids for securities to be held in Legacy Treasury Direct are submitted directly to us. From time to time, Treasury may announce that certain securities to be offered will not be eligible for purchase or holding in Legacy Treasury Direct.

[69 FR 45202, July 28, 2004, as amended at 70 FR 57439, Sept. 30, 2005; 72 FR 2193, Jan. 18, 2007; 71 FR 2928, Jan. 23, 2007; 73 FR 14938, Mar. 20, 2008; 76 FR 18063, Apr. 1, 2011]

### **§ 356.5 What types of securities does the Treasury auction?**

We offer securities under this part exclusively in book-entry form and as direct obligations of the United States issued under Chapter 31 of Title 31 of the United States Code. The securities are subject to the terms and conditions in this part, the regulations in 31 CFR part 363 (for securities held in TreasuryDirect), the regulations in 31 CFR part 357 (for securities held in the commercial book-entry system and Legacy Treasury Direct), and the auction announcements. When we issue additional securities with the same